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## A shift from traditional ownership to access-based consumption: Identifying Chinese consumers' responses to fashion renting business

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## A shift from traditional ownership to access-based consumption: Identifying Chinese consumers' responses to fashion renting business

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Keywords: Shopping motivations, hedonic, utilitarian, attitude, perceived risk

**Introduction:** The trend forecaster Faith Popcorn (1991) says that a trend usually takes about ten years to work through the culture and reach all market levels. Renting, under the scope of access-based consumption, is expected to become a significant culture by 2025. A current PwC report estimates that access-based consumption revenues will rise from \$15 billion in 2014 to \$335 billion globally by 2025 (PwC, 2015). Seventy-eight percent of consumers in the study agreed that access-based consumption modes, such as renting, reduce waste and clutter. Obviously, this new consumption mode involving with changing consumer attitudes threat the traditional retail industry, but as a result of these shifts, one of the “new retailing” “formats renting has flipped into a tremendous opportunity.

Currently, the access-based consumption modes are not a fringe concept to the Chinese market. In 2016, over 600 million people in China have been involved in it, which means China now has genuinely embraced the sharing economy (Pennington, 2017). In the meantime, these platforms created 5.85 million jobs. Populous cities, rapid innovation in technology, and growing number of price-conscious consumers explain the successful growth of sharing economy. Not only have bike and car renting been popular in China but renting business also has shown a sign of branching out to other markets, such as clothing renting.

This study echoes the current rising research demand on examining Chinese consumers' consumption without taking ownership. Recently, the renting business model is experiencing a rapid increase in demand. These access-based consumption modes have been studied throughout the European countries, such as UK, Germany, Switzerland, and Austria (Moeller & Wittkowski, 2010), but research regarding the understanding of Chinese renting consumption modes and its potential market are apparently lacking. Therefore, the objectives of this study are to: 1) propose a conceptual model to explore Chinese consumers renting consumption behaviors; 2) determine motivational factors' effects on acquisition in renting; 3) examine psychological antecedents, such as perceived risks and attitude's effects on renting, and 4) provide suggestions for consumers and companies to respond to the upcoming trend of renting economy.

**Research methods:** The questionnaire was sent up in a Chinese online marketing research website. WeChat, a major Chinese social media platform, was used to recruit participants. For those who determined to participate the study received the questionnaire link. The sample has a total of 322 usable respondents. A snowball convenience sampling strategy was utilized. An online survey was set up on a Chinese online market research website. Participants were recruited through an email survey link on the social media app. They were also requested to share the survey with their contacts. Data cleaning yielded 322 usable samples. Participants' age ranged from 18 to 69 years old with sixty-seven percent of participants' age ranged from 18 to 35. Sixty-four percent were women. The participants were well-educated with 79.1% indicating that they have at least a college education. More than 53.1% of them reported an annual

household income of US \$ 16,001 or above. All variables were measured utilizing 5-point Likert scale with "1=strongly disagree to 5 = strongly agree." Hedonic social shopping motivation ( $\alpha = .884$ ), utilitarian achievement shopping motivation ( $\alpha = .855$ ), perceived performance risk ( $\alpha = .845$ ), and perceived psychological risk ( $\alpha = .877$ ) were all measured by three items respectively. Four items were adapted to measure perceived social risk ( $\alpha = .930$ ). Five items were utilized to measure attitude ( $\alpha = .967$ ). The two items measuring Intention to rent ( $\alpha = .918$ ) were developed based on a hypothetical scenario statement regarding whether participants would like to rent clothing from a fashion retail store.

**Results:** A structural equation model (SEM) was conducted to examine the proposed hypotheses. The statistic results revealed an acceptable model fit ( $\chi^2$  (df = 175) = 503.519,  $p < 0.0001$ ,  $\chi^2/df = 2.877$ ; RMSEA = 0.076; CFI = 0.940; TLI = 0.928; SRMR = 0.073). The statistical result indicated that intention to rent was directly associated with hedonic social shopping motivation ( $\beta = 0.204$ ,  $p < 0.001$ ), social risk ( $\beta = 0.100$ ,  $p < 0.05$ ), attitude ( $\beta = 0.525$ ,  $p < 0.001$ ), and performance risk ( $\beta = -0.191$ ,  $p < 0.001$ ). The attitude positively associated with utilitarian achievement shopping motivation ( $\beta = 0.199$ ,  $p < 0.01$ ) and hedonic social shopping motivation ( $\beta = 0.235$ ,  $p < 0.001$ ), and it was negatively associated with social risk ( $\beta = -0.284$ ,  $p < 0.001$ ). Both social risk ( $\beta = 0.487$ ,  $p < 0.001$ ) and hedonic social shopping motivation ( $\beta = 0.097$ ,  $p < 0.05$ ) positively associated with psychological risk. Hedonic social shopping motivation positively associated with utilitarian shopping motivation ( $\beta = 0.122$ ,  $p < 0.05$ ). Utilitarian achievement shopping motivation positively associated with social risk ( $\beta = 0.250$ ,  $p < 0.001$ ) and performance risk ( $\beta = 0.428$ ,  $p < 0.001$ ). Neither psychological risk nor performance risk significantly associated with attitude in a direct way.

**Discussion:** Previous World Economic Forum concluded that rapid access-based consumption sharing economy adoption in China is due to the large numbers of price-conscious consumers in China. This conclusion could be the case for explaining the growing popularity of bike and car renting. However, the price is not a driving force regarding renting clothing. This study confirmed that the importance of hedonic social shopping motivation, attitude, and performance risk directly influence intention to rent. Fashion retailers who concentrate on the access-based business model should guarantee the excellent product maintenance. Stimulating a social shopping environment in the online/offline platforms would encourage consumers' engagement in renting. Achievement and social shopping motivation have positive weight on attitude to rent. This finding infers that consumers' attitude towards clothing renting can be positively influenced by if companies provide right targeted and suitable products and services.

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